

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
Express Mail
Express Mail Contract 12

Docket No. MC2012-36

Competitive Product Prices
Express Mail Contract 12 (MC2012-36)
Negotiated Service Agreement

Docket No. CP2012-44

PUBLIC REPRESENTATIVE COMMENTS

(August 14, 2012)

I. BACKGROUND

In response to Order No. 1422,¹ the Public Representative hereby comments on the August 3, 2012 United States Postal Service Request to Add Express Mail Contract 12 to the Competitive Product List.

The Public Representative observes that the Postal Service's Request comports with the provisions of title 39. The contract appears to be beneficial to the Postal Service, the contract partner and the general public.

II. DISCUSSION

Previous data filed in Annual Compliance Reports regarding Express Mail contracts indicate that the contracts have provided significant volume and reasonable contribution to the institutional costs of the Postal Service. The instant contract has a similar expected cost coverage as previous Express Mail contract pieces.

Based on the financial workpapers filed by the Postal Service it is likely that the contract will likely meet the requirements of 39 U.S.C 3633(a) during the first contract

¹ Notice and Order Concerning Addition of Express Mail Contract 12 to the Competitive Product List (Order No. 1422), August 6, 2012.

year. However, no data have been provided by the Postal Service that demonstrates that the contract will meet the requirements of 39 U.S.C. 3633(a) in subsequent years and no data have been filed that indicate that pieces delivered on Sundays and holidays will be profitable.

The contract contains several terms that adjust the prices in the contract periodically and adjusts prices to account for large changes in costs. It appears that the inclusion of these terms will help maintain the contract's ability to meet the requirements of 39 U.S.C. 3633(a) over the lifetime of the contract. The Public Representative is also mindful that Postal Service will file cost, revenue, and volume data in each year's Annual Compliance Report that will aid the Commission in ensuring the requirements of 39 U.S.C. 3633(a) continue to be met.

On Friday, August 8, 2012 Chairman's Information request No. 1 was filed. The response to this request should provide assurances that the contract will be profitable when the additional costs of Sunday and Holiday deliveries are taken into account.

III. CONCLUSION

Pending the response to CHIR No. 1, the Public Representative, after accessing and reviewing all materials the United States Postal Service submitted under seal in this matter, acknowledges that the pricing in the present Express Mail Contract 12 appears to comport with relevant provisions of title 39. This contract contains provisions favorable to both the Postal Service and the public.

The Public Representative respectfully submits the preceding Comments for the Commission's consideration.

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Docket Nos. MC2012-36 & CP2012-44

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